

# Agenda Report



**MEETING DATE:** Wednesday, November 6, 2024

**TO:** Revenue Measure Oversight Committee

**FROM:** ADMINISTRATIVE SERVICES DIRECTOR DURAN

**SUBJECT:** FINANCIAL STATUS REPORT PERIOD ENDING 09/30/2024

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## **RECOMMENDED ACTION:**

Receive Measure Y quarterly financial report for Fiscal Year 2024-25, 1<sup>st</sup> quarter ending September 30, 2024.

## **BACKGROUND:**

On June 3, 2014; 67.22% of Watsonville voters approved Measure G, enacting a one half of one percent transactions and use tax in the City of Watsonville to fund police, fire and youth violence prevention services. Pursuant to Revenue and Taxation code section 7265, the new tax became operative on October 1, 2014, while revenue began flowing to the City in December of 2014. On March 3, 2020, the voters approved Measure Y (formally known as Measure G) to renew the existing one-half cent local sales tax to maintain adequate staffing levels of firefighters and police, continue funding of youth prevention and development programs, and include the Parks and Community Services Department as a new partner to the Police and Fire Departments.

## **DISCUSSION:**

In accordance with Measure Y requirements, “all revenues from the Public Safety Sales Tax Measure shall be used only for improving our community’s public safety, with the revenue to be directed in support of the Police, Fire and Parks and Recreation Departments, in the proportions of fifty-four percent (54%) to police and thirty-eight percent (38%) to Fire and eight percent (8%) for Parks. Measure Y requires that an annual maintenance of effort (MOE) be met. The MOE is an amount of General Fund spending which must be dedicated to Police and Fire Services. The MOE for Police and Fire services is defined as the Fiscal Year 2023-24 adopted General Fund operating budget for each department inflated by change in the April-to-April San Francisco Bay Area Consumer Price Index (CPI). The MOE requirements for Fiscal Year 2024-25 and is shown on Table 1 below. The MOE is met and projected to be exceeded for the current fiscal year.

Table 1 Maintenance of Effort

	FY 2024-25 (budget)
CPI	3.80%
Police MOE	14,618,308
Police GF Expenses	23,184,616
Fire MOE	6,708,732
Fire GF Expenses	9,239,593

Currently the Finance Department is in the process of closing the books for the prior fiscal year 2023/2024. In the coming weeks, we will be collaborating with external auditors to complete the audit and will present the results at our next regularly scheduled meeting.

The table below provides a financial summary for the first quarter of the fiscal year ending September 30, 2024. It is anticipated that Police Department will utilize both its operational and capital budgets. They are planning expenditures on body worn camera contract, patrol car and crowd management masks. The Fire Department is projected to use its operational budget, with its capital funds dedicated to station repairs. The Parks and Recreation Department plans to invest in converting courts in Callaghan Park and upgrading multiple community centers.

II Quarterly Reports

MEASURE Y - FY 2024-25 Quarterly Report ending 09/30/24					
		FY 24-25			
		PROPOSED BUDGET	ACTUALS (through September 30)	Projected	Variance Positive / (Negative)
Police	Tax Revenue	\$2,979,720	\$741,570	2,966,280	(13,440)
	Interest	15,000	-	15,000	-
	Other Revenue	100	-	-	(100)
Fire	Tax Revenue	2,096,840	521,846	2,087,382	(9,458)
	Interest	5,000	-	5,000	-
PCS	Tax Revenue	441,440	109,862	439,449	(1,991)
	Interest	1,000	-	1,000	-
	<b>Total Revenues</b>	<b>5,539,100</b>	<b>1,373,278</b>	<b>5,514,112</b>	<b>(24,988)</b>
Police	Operations	2,826,911	602,093	2,826,911	-
	Equipment / Facilities (police)	412,573	62,500	412,573	-
Fire	Operations	1,975,412	484,487	1,937,949	37,463
	Equipment / Facilities	1,521,643	23,121	50,000	1,471,643
PCS	Operations	919,907	61,152	715,601	204,306
	Equipment / Facilities	-	-	-	-
	<b>Totals Expenses</b>	<b>7,656,446</b>	<b>1,233,353</b>	<b>5,943,034</b>	<b>1,713,412</b>
<b>Change in Fund Balance</b>		<b>(2,117,346)</b>	<b>139,925</b>	<b>(428,923)</b>	<b>(1,738,400)</b>

**STRATEGIC PLAN:**

4-Fiscal Health

5-Public Safety

**FINANCIAL IMPACT:**

No direct financial impact.

**ALTERNATIVE ACTION:**

No reasonable alternatives are known currently.

**ATTACHMENTS AND/OR REFERENCES (If any):**

None.